

Manufacturing & Retail Trade

by Austin Sargent



These aren't your father's stores and factories

Several new industries such as **Information, Health Care and Social Assistance**, and **Accommodations and Food Services** are among the significant changes resulting from the switch to the North American Industrial Classification System (NAICS) from the old Standard Industrial Classification System (SIC). While creating these new categories, NAICS also modified what is included in more "traditional" industries.

Two examples are **Manufacturing** and **Retail Trade**. Both of these industries were classifications of the SIC system, but, under NAICS, their makeup has changed. As a result, comparisons between the SIC and NAICS data are difficult. One of the advantages of the new NAICS system is that businesses that use similar processes to produce goods or services were classified in the same industry. This decision, and the development of several new industries, resulted in significant changes. In fact, though the industry titles for some NAICS and SIC industries may be the same, what is actually included has been substantially revised.

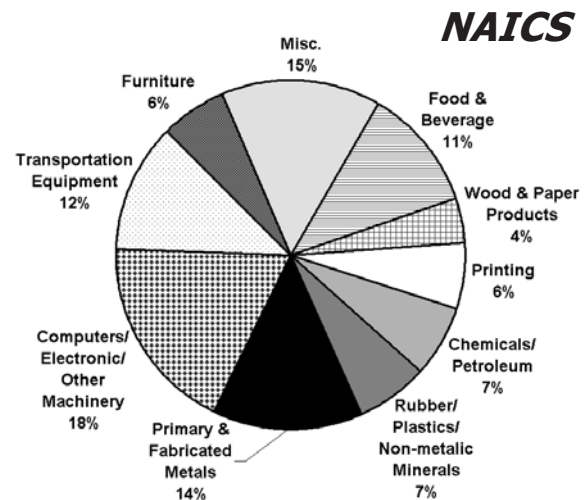
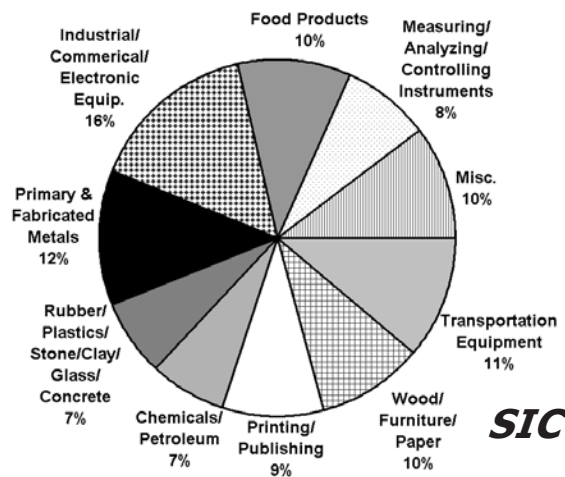
Manufacturing—Then and Now

In 2001, NAICS **Manufacturing** employment (122,093) was slightly lower than the 126,573 reported in SIC. While the totals vary slightly, the components used to get the figures are quite different. Under NAICS, **Computer and Electronic Product Manufacturing** expanded dramatically to include more components of this growing industry. Also, moved out of **Manufacturing** to the new **Information** sector was most of the **Publishing** industry. Another important change is that most of the research and development functions were moved to the new **Professional, Scientific, and Technical Services** area. **Forestry and Logging** was also reclassified outside of **Manufacturing**.

Retail Trade—Before and After

As dramatic as the changes are in **Manufacturing**, even more striking impacts occurred in **Retail Trade**. In 2001, **Retail Trade** boasted 200,281 jobs under the SIC system. With NAICS, it showed 131,900 jobs. Where

2001 Manufacturing Employment



Source: Utah Department of Workforce Services.

did all the jobs go? Oddly enough, some "retail" businesses ended up in **Manufacturing**, such as **Retail Bakeries** and **Wood Kitchen Cabinet and Countertop Manufacturing**. The biggest change was the reclassification of **Food Service and Drinking Places** from **Retail Trade** to the new **Accommodations and Food Services** industry, reflecting the growing importance of travel and recreation related activities in the economy.

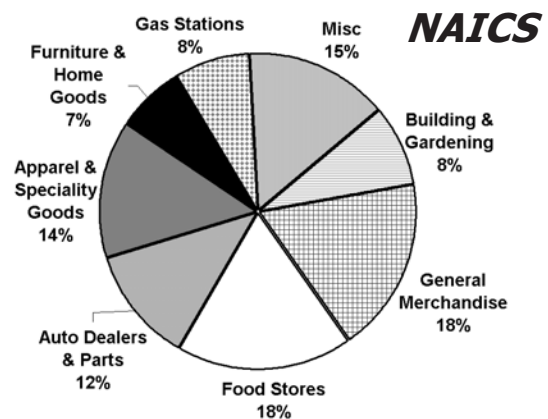
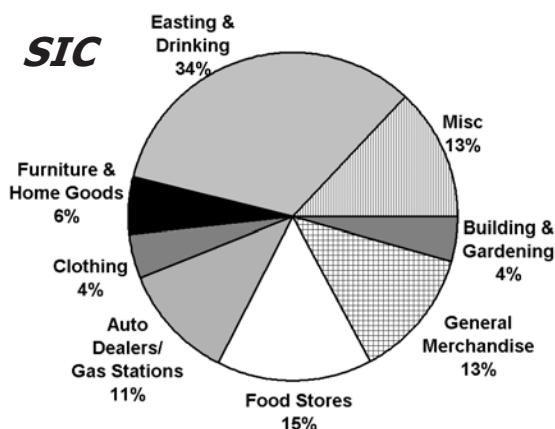
Even though most parts of **Manufacturing** and **Retail Trade** were unaffected by the switch to NAICS, there were some important industries that were reclassified under the

new NAICS system. While it is always difficult to adjust to change, these alterations have been done to reflect the dynamic transformation that has occurred in the structure of the U.S. and Utah economies. The emergence of new industries and the greater understanding of the critical role they now play in the economy will be much easier to track under the new, more flexible, NAICS system.



For more information about NAICS see:
<http://www.census.gov/epcd/www/naics.html>

2001 Retail Trade Employment



Source: Utah Department of Workforce Services.